

Compliance Assessment Sampling Plan – Foreign Trade Zone

CAT KIT Exhibit 16

Attribute, Test, Error(s) & Criteria	Sampling Parameters	Universe	Potential Sampling Frame(s)	Evaluation of Compliance Testing & Actions Needed
<p>Attribute: Does the importer properly control and enter quota merchandise stored or processed in a Foreign Trade Zone (FTZ)?</p> <p>Test (Primary Audit Steps):</p> <ol style="list-style-type: none"> Review and verify the propriety and accuracy of circumstances associated with any quota/visa merchandise admitted into the FTZ. Document any quota merchandise which was transferred to another FTZ or to a bonded warehouse. From the sample of quota merchandise which was transferred to another FTZ or to a bonded warehouse, verify that the merchandise was admitted to the other FTZ or entered in the warehouse as quota merchandise. When merchandise was transferred from the FTZ or withdrawn for consumption, verify that quota was available at the time of withdrawal. If tariff rate quota was involved, verify that the appropriate duty rate was paid. Determine if the company's internal control policies and procedures for quota merchandise in bonded warehouses were <ul style="list-style-type: none"> Documented, and Produced accurate FTZ entries. <p>Errors:</p> <ul style="list-style-type: none"> Merchandise exiting the FTZ without duty being paid Unreported overages/shortages Quota merchandise diverted into commerce of the U.S. Incorrect status claimed <p>Criteria for Testing (Statistical Sample or 100% Review):</p> <ul style="list-style-type: none"> Quota merchandise is stored or processed in FTZ FTZ non-quota merchandise shipped from the zone is at least 30% of the total annual value of merchandise 	<p>Approach: attribute estimation sampling using the average error rate (point estimate) for evaluating compliance</p> <p>Confidence Level: 95%</p> <p>Sampling Error (Precision): ±5% (10% range)</p> <p>Anticipated Error Rate: 5%</p>	<p>Merchandise entered / stored / removed from a FTZ during the importer's last completed fiscal year</p>	<p>Customs' Records: CF 214's filed</p> <p>Importer's Records: Importer's Inventory Records</p> <p>Sampling Frame: _____</p> <p>Validated Sample: <input type="checkbox"/> Yes <input type="checkbox"/> No </p> <p>Frame Size: _____</p> <p>Sample Size: _____</p>	<p>LOL Compliance Rate: ____ %</p> <p>Systemic/Non-Systemic or Recurring Errors?</p> <ul style="list-style-type: none"> If systemic, recommend importer correct cause of error(s). If recurring, project the effect and recommend collection of unpaid duties and fees. If non-recurring, recommend collection of duties and fees on identified errors, if applicable. <p>LOL Error Rate ≤ 5%</p> <ul style="list-style-type: none"> If internal controls were documented, compliance is acceptable for processing and storing FTZ merchandise. If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>LOL Error Rate > 5%</p> <p>Apply materiality criteria. (CAT Kit Exhibit 32)</p> <p>Materiality Compliance Rate: ____ %</p> <p>Materiality Compliance Rate is acceptable</p> <ul style="list-style-type: none"> If internal controls were documented, compliance is acceptable for processing and storing FTZ merchandise. If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP. <p>Materiality Compliance Rate is unacceptable</p> <ul style="list-style-type: none"> If materiality error rate is not acceptable, compliance for processing and storing merchandise in a FTZ is not acceptable. Coordinate with the Account Manager to help company develop a CIP. <p>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</p>